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Message from the head of the UKFIU

Vince O'Brien, Deputy Director

Hello and welcome to the latest edition of the UKFIU's magazine, *SARs In Action*.

This issue is primarily focused on partnership working across the reporter and law enforcement agency communities. In the February edition I announced the launch of four new teams in the UKFIU as part of the SARs Reform Programme. In this issue we take a look at a further three new teams, aimed at increasing engagement with partners and improving intelligence outcomes.

On page 8 we announce the findings of our recent law enforcement engagement survey aimed at helping to set the strategic priorities for our new Engagement Function which gathered almost 200 responses from regional organised crime units, police forces and government departments.

Examples of our recent successful engagement work can be seen in articles on our proactive interaction with the cryptocurrency sector, (page 11) working closely with the sector to help improve SARs quality (which in turn will help law enforcement in tackling criminality).

Similarly, we look at the UKFIU's 'Bringing SARs To Life' presentation (page 12), created following engagement with law enforcement to understand first-hand what makes a helpful SAR for investigators. This presentation is now being rolled out to SAR reporters.

We also hear from two of our partners - HM Revenue & Customs and the National Food Crime Unit - about, respectively, professional money launderers and 'red flags' relating to bank transactions most likely to involve serious food crime.

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Who is this magazine aimed at?

- All law enforcement; this includes senior investigating officers, front-line police officers and police staff
- Reporters
- Regulators
- Supervisors
- Trade bodies
- Government partners
- International partners

We'd love to hear what you think of the publication, what topics you'd like us to consider and we're always open for possible articles/collaborations. Previous issues of this magazine are available on the NCA website. Please send any feedback to ukfiufeedback@nca.gov.uk

Updates can also be found on Twitter at [NCA_UKFIU](#) and via our LinkedIn page. Our podcasts can be found on Spotify, Audible, Amazon Music and most streaming sites.

Opinions expressed in articles provided by partners are not necessarily the view of the UKFIU/ NCA. The UKFIU exercises the right to edit submitted articles.

Professional money launderers

Brian Mullen

Threat Lead for Professional Money Launderers and Technology-enabled Money Laundering within Fraud Investigation Service

HM Revenue and Customs

For a fee, professional money launderers (PMLs), provide services to organised crime groups (OCGs) by laundering the proceeds of their crimes. These PMLs pose a serious and significant threat to the global financial system, but also the perception of fairness in the tax system. Identifying and disrupting PMLs will impact the operations of their criminal clients and is an effective way of disrupting numerous OCGs.

The PMLs we've identified provide services to multiple OCGs, not differentiating between the underlying predicate offences. They'll happily launder for drug traffickers, human traffickers and tax fraudsters. So, we can't afford to think of them only in terms of the bit of their laundering network involving tax offences.

Not only are their operations often transnational in nature to exploit vulnerabilities of other countries, but many are based outside of the UK, wrongly thinking they are out of reach from UK law enforcement.

These PMLs utilise multiple methods to conduct the laundering process such as cash movements, the abuse of money service businesses, trade-based money laundering and increasingly, the use of technological enablers including cryptoassets. More often than not, they will combine methods in a further effort to make it more difficult to trace the illicit funds.

PMLs may work in professional services or, more likely, they're the head of a professional money laundering organisation who utilise the skills of those working in professional services as part of their sophisticated operation. Either way, PMLs will directly or indirectly engage with the regulated sector and that is why the submission of SARs is crucial to disrupting them and their criminal clients.

For example, information provided through SARs could lead to new investigations or enhance on-going operations against known PMLs or their associates. Intelligence from SARs could also help us identify new or emerging PMLs for additional operational oversight leading to disruption of activity. They could also be used to identify new, or deepen our understanding of existing, methodologies being used by PMLs, ensuring we keep pace with any changes in threat.

Collaboration across Whitehall, borders, law enforcement and the private sector is key to tackling PMLs and reducing the negative impact they have on the financial system and the community - whether that be through changes in policy, information sharing, operational cooperation or supervisory action.

We're working hard to engage with people and firms right across the regulated sector and beyond, spreading the word on how we're impacting these PMLs and successfully working with and through our domestic, international and private sector partners.

SAR case studies

The UKFIU received a request for a DAML Defence Against Money Laundering (DAML) from a reporter to pay away over £3m to its customer and terminate the relationship. Intelligence indicated that the subject was being investigated due to criminality including laundering money on behalf of organised crime groups, modern slavery, the sale of drugs, extortion and fraud. Analysis of the subject's personal tax compliance revealed a sum that was in excess of their declared taxable income. The UKFIU refused the DAML request enabling the law enforcement agency (LEA) to apply for an account freezing order for the entire balance.

The UKFIU received a DAML request relating to a subject recently arrested overseas accused of taking bribes. After receiving funds the subject had withdrawn large amounts of money on a daily basis. The UKFIU refused the DAML request enabling a foreign FIU to secure a restraint order for over £700,000.

A SAR relating to a potential vulnerable person was identified by the UKFIU and fast-tracked to an LEA. The victim lived alone and had given their bank card to a friend. Activity indicated ongoing financial abuse to a value in excess of £50,000. Within 24 hours of the UKFIU disseminating the SAR to the LEA, the victim was visited and the subject arrested. The subject was charged with fraud by abuse of position. This SAR stopped the financial abuse of an elderly and vulnerable person.

The UKFIU received a DAML requesting to pay away over £25,000 and close an account. The reporter had a number of suspicions about funds passing through the account and an LEA identified substantial intelligence confirming the subject's links to controlling prostitution, human trafficking and modern slavery. The UKFIU refused the DAML request enabling the LEA to secure a restraint order for the full amount. Enquiries are ongoing.

A reporter identified suspicious activity by a customer and reported a SAR to the value of over \$1m. It suspected the subject had been involved in fraud. The UKFIU refused the DAML request to enable further enquiries to be made which identified a request from overseas to freeze assets held by the subject. The DAML refusal prevented the subject from removing the funds and subsequent onward dissipation, enabling the securing of a restraint order covering the full amount. Enquiries are ongoing.

A SAR relating to potential child exploitation was identified by the UKFIU and fast-tracked to an LEA relating to a teenager suspected of being exploited as a money mule by drug dealers. Fast-tracking the SAR allowed the LEA to take further urgent enquiries with the reporter to try and identify opportunities to obtain CCTV of those exploiting the subject.

The UKFIU received an urgent request from an Asset Recovery Office (ARO) regarding unknown subjects defrauding companies across Europe using accounts held in different countries. The accounts were identified as being held by a UK based international transfer platform, which prompted engagement by the UKFIU with the institution while conducting intelligence checks to support the investigation. A comprehensive intelligence package was created and details were provided relating to the subjects' contact details and initial transactional data showing the flow of illicit finance. The ARO praised the UKFIU's response as providing swift and useful information for the investigation.

SARs were received reporting suspicions around significant funds being transferred between accounts held by a number of associated companies believed to be involved in money laundering and payroll fraud. The DAML requests were refused enabling the LEA to secure restraint orders for £1m. Enquiries are ongoing.

The UKFIU reviewed a SAR relating to the potential purchase of child sexual exploitation material by a foreign national from a subject overseas who had previously been investigated for the online streaming of child sexual abuse and exploitation (CSEA) material. An intelligence report was received from an NCA international liaison officer on links to fraud offences in the aforementioned overseas jurisdiction and transactions to third parties in high risk jurisdictions. This was potentially indicative of a wider network relating to the online streaming of CSEA material or unidentified fraud. The UKFIU's dissemination of the material to the interested international FIU shone a light on the activities of the subject, promoting further investigations.



Further new UKFIU teams launched



Vince O'Brien
Deputy Director, Head of UKFIU

As you may be aware, the UKFIU is launching seven new teams as part of the SARs Reform Programme. All of the UKFIU teams will support new ways of working that will enable enhanced analysis, increased engagement with partners and improved intelligence outcomes, contributing to a reduction of crime in the UK.

In February (magazine issue 14) we announced the launch of the first four of those teams. We are now excited to announce that a further three new UKFIU teams have launched: Reporter Engagement Team (RET); SARs Exploitation Team (SET); and Digital Media, Publications and Promotions Team (DMPPT).

These teams, along with the Disclosure Team, make up a brand-new Engagement Function within the unit that will focus on all external facing capabilities including feedback, engagement and guidance for SAR reporters, the regulated sector, law enforcement, government partners and the general public.

Benefits of the new teams

The three new UKFIU teams will deliver a number of benefits for the entire SARs regime, including:

- **Improving the quality of the SARs being submitted** – through increased and better-quality education and training, the RET will specifically support reporters in submitting SARs through best practice guidance and feedback.
- **Enhancing NCA and end user understanding of SAR data** – providing direct support to all end users through training, promoting best practice and greater partnership working, the SET will increase users' knowledge and exploitation of SAR data.
- **Providing guidance, best practice and key messages** – managing all internal and external communications related to the UKFIU, the DMPPT ensures that all SARs regime stakeholders are provided with regular updates and guidance across print and digital platforms.

Current Achievements

The teams have already begun operating within the new Engagement Function, and some of you may have had contact with some of our officers in these new teams. The operations of these teams have led to some of these benefits already being realised:

- To date, the SET has delivered over 80 training sessions on using SARs systems to 688 users from 45 different law enforcement agencies. This is supporting officers to access SAR data more readily, leading to recent arrests where subjects were otherwise unknown on other police intelligence databases.
- The DMPPT has now released 10 podcasts, available on regular streaming channels (and also via the NCA YouTube channel). One member of the regulated sector commented that the UKFIU's podcasts and webinars "really make the subject [SARs] come alive, particularly for a new member of staff joining the team".
- Following many increased reporter engagement activities from the RET, including attending regulated sector working groups and hosting one-to-one sessions, 90% of bulk reporters reported that they found engagement from the UKFIU better now than they did 12 months ago.



How the new UKFIU teams will impact ways of working

The new RET is a dedicated engagement team to specifically support reporters in submitting SARs, through best practice guidance and feedback. If you regularly report SARs, or are a member of the regulated sector responsible for submitting SARs and wish to understand more about the SARs regime, how to submit a good quality SAR and the importance of this – please reach out to the UKFIU Reporter Engagement Team .

The new SET will provide direct support and training in the exploitation of SARs, helping users create effective mechanisms to extract relevant SARs data to support investigations and intelligence development. Please contact the UKFIU SARs Exploitation Team via the above email address for any questions about exploitation of the SAR data by the NCA or law enforcement partners.

Please reach out to the DMPPT for any matters relating to internal and external UKFIU/SARs communication; contributing articles/topics for UKFIU products such as the magazine and podcasts; and contributing to UKFIU Knowledge Building Sessions.

To contact RET, SET or the DMPPT on any of the above, please email UKFIUFeedback@nca.gov.uk.

Law enforcement engagement survey



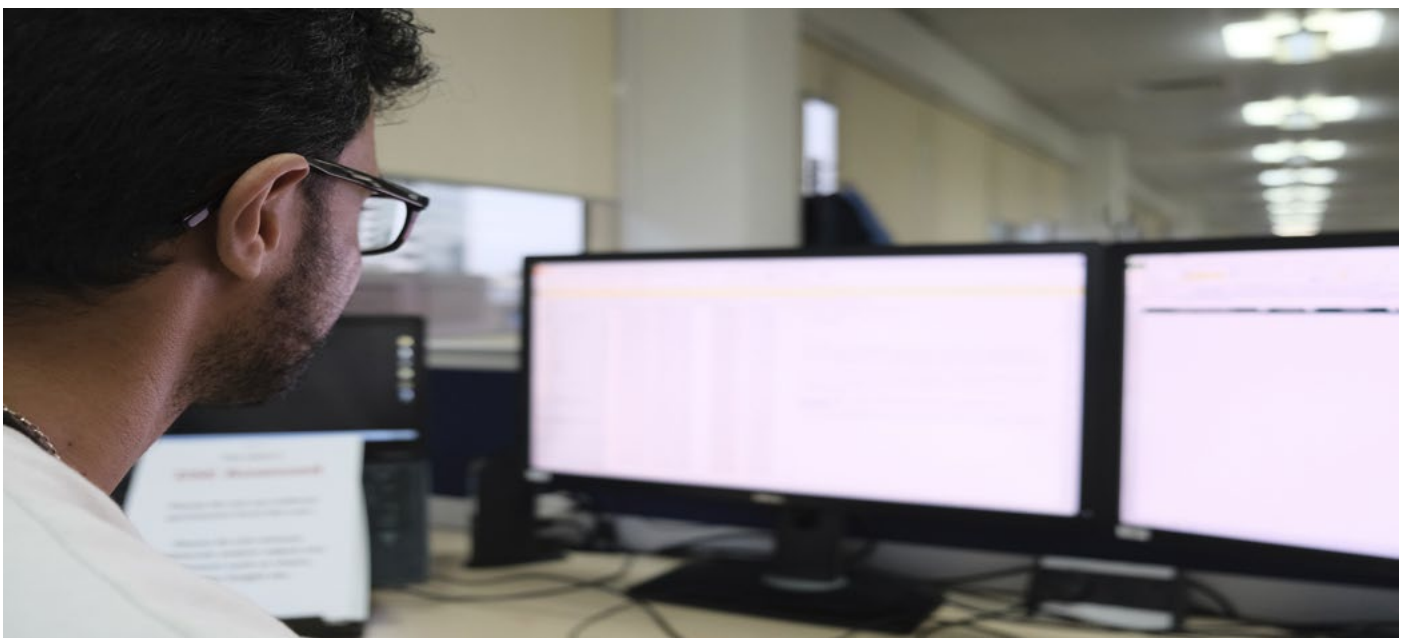
Martin Cox
Head of Engagement, Communications
and Risk Management, UKFIU

SARs Reform Programme

"We would like to express our thanks to those of you who took part in our recent law enforcement agency (LEA) and other government department (OGD) engagement survey. With almost 200 respondents, the survey will inform our next steps to improve engagement with LEAs and OGDs."

As part of the SARs Reform Programme, a new Engagement Function has been established within the UKFIU (see page 7), dedicated to supporting and working with LEAs, OGDs, and reporters to improve SAR quality and exploitation.

To get feedback on recent engagement and help set strategic priorities for the new Engagement Function, the UKFIU conducted an anonymous LEA and OGD engagement survey. The survey was open for all members of the law enforcement and government sector and was published via a number of channels. Almost 200 responses were received from different roles across regional organised crime units (ROCU), police forces and government departments.



Key survey results

There is generally a good understanding of the scope of the UKFIU SARs Exploitation Team (SET).

On average, 79% of all responders had heard of the SET. Out of these, 62% understand SET's role within the UKFIU.

Training was perceived very positively by respondents; organisations were generally aware of the availability of training sessions and gave good feedback on session content.

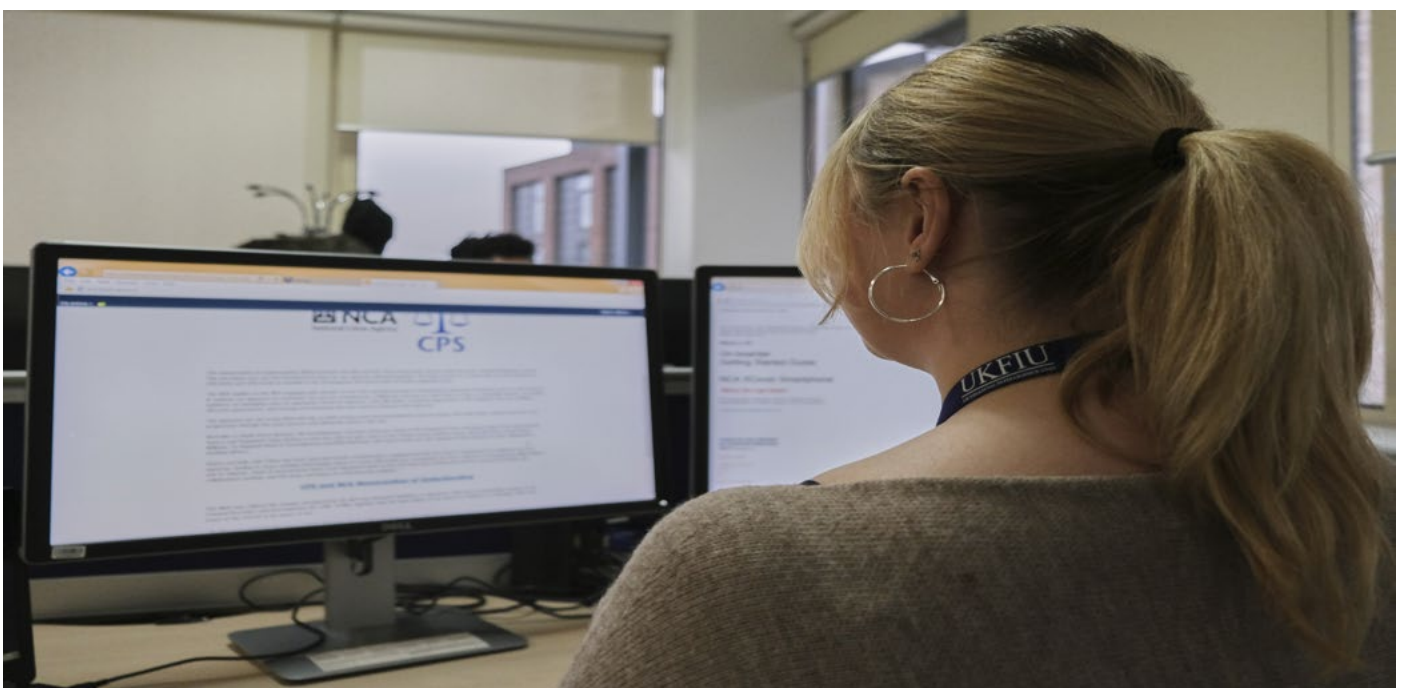
Most forces, government departments and ROCUs (76%) were aware of training sessions offered by the SET, with 34% having attended at least one in the past 12 months.

97% found training very useful, useful or somewhat useful. No one found training "not at all useful". Training was mentioned numerous times as a highlight of the SET's offering in the past year.

Most respondents agreed that UKFIU guidance, communication and engagement had positively impacted their awareness of threats, and is better than it was 12 months ago.

On average, 59% of responders felt that UKFIU communication and engagement have positively impacted their awareness of the threat landscape.

The majority (66%) felt that communication and engagement is better now than it was 12 months ago.



Key insights and next steps

As staffing levels within the UKFIU increase over the coming months, the Engagement Function will seek to implement the following activities to enhance guidance and feedback

Training:

- Assess ongoing use of SARs IT systems across LEAs and OGDs.
- Continue to offer training to forces, government departments and ROCUs.
- Raise awareness of training availability via targeted communications and via direct contact with organisations' single points of contact.
- Several respondents mentioned that they would appreciate quarterly 'SARs Surgeries' or workshops where best practice could be shared across all role types in different organisations (forces, ROCUs and government departments). The SET currently does this through regional SAR working groups in partnership with the National Police Chiefs Council so attendance at these is encouraged.

Communication:

- Continue to maintain an expected response time for all email queries, including triage and follow up.
- For organisations less aware of the SET, share targeted communications to outline the team's purpose, scope and the support the team can offer.
- Promote and increase the membership of the SARs Intelligence Group as a communication tool.



UKFIU cryptocurrency engagement

Taher Choudhury
UKFIU Reporter Engagement Team

Following the increased volume of SARs reporting from the cryptocurrency sector, the UKFIU's Reporter Engagement Team has been proactive in helping to drive up knowledge on reporting. We have been working closely with the sector to help improve SARs quality which, in turn, will help law enforcement in tackling criminality.

One of the main operational priorities within UKFIU engagement is to continue to engage with reporting sectors assessed as high or medium risk of being abused for money laundering.

Cryptoassets, under the National Risk Assessment of Money Laundering and Terrorist Financing 2020, have increased to a medium risk area and criminals are increasingly using and incorporating them into money laundering methodologies.

One area that risk is likely to increase from is 'over the counter' (OTC) cryptocurrency exchanges. OTC trading is a service available to high volume traders that takes place away from digital currency exchanges.

OTC trading is attractive because of better pricing, avoiding low trading limits (where a user is restricted on the number of trades/withdrawals they can make). With increasing popularity, criminals may seek to take advantage of this and therefore the risk of money laundering is likely to increase.

This is particularly important where the OTC exchanges connect buyers with sellers who want to trade large amounts of funds without listing on the open market. This added layer of anonymity is likely to be attractive to those seeking to launder the proceeds of crime.

The development of new payment cards also allows users to spend cryptoassets like fiat currency on an ordinary debit card. Criminals can exploit this by using laundered cash to purchase goods to realise their profits or to sell for fiat currency. The crypto market is growing, with the potential for an increasing variety of business models that use cryptoassets as a method of payment.

Crypto assets can also act as a method for payment between criminals. They can be used for the purchase of illicit tools and services and be exploited for other criminal activity such as fraud.



Bringing SARs to life

The UKFIU Reporter Engagement Team (RET) officially launched recently with the over-arching goal to support SAR reporters in submitting better quality SARs. RET provides feedback and guidance on the submission of good quality SARs through enhanced education and engagement.

In February's *SARs in Action* magazine, Martin Cox (Head of UKFIU Engagement, Communications and Risk Management) delivered the results of last year's anonymous Reporter Engagement Survey. The findings showed a very positive reflection of the increased collaborative working by the UKFIU across the regulated sector.

However, one question that was consistently raised was what happens to a SAR once the submit button is pressed. This demonstrated that anti-money laundering (AML) reporting teams felt a disconnect between the work they were doing and the positive action taken by law enforcement to tackle the criminality being reported. They were eager to understand both how their intelligence was being used and how they could report more useful SARs.

An opportunity was presented for RET to bridge the gap between submitting SARs and achieving results; so we created 'Bringing SARs to Life', a presentation that demonstrates how the UKFIU manages the SARs regime and links in with law enforcement.

By working with our sister team, the SARs Exploitation Team, we have proactively engaged with law enforcement to understand first-hand what makes a helpful SAR for investigators. 'Bringing SARs to Life' is a one hour session that covers:

- The National Risk Assessment
- The background of the National Economic Crime Centre, Joint Money Laundering Intelligence Taskforce and UKFIU
- What is a SAR?/What are the different types of SAR?
- UKFIU teams and how they manage the SARs regime
- Top tips to help law enforcement exploit SARs effectively.

We've recently trialled the session with the regulated sector and have had some really great feedback. It's relevant to a universal audience, with non-AML staff interested in what SARs are and reporting teams interested in how their SARs might be used by law enforcement partners.

As we begin to offer the session to the regulated sector, take up rate is anticipated to be extremely high. Please note: the session is currently only available for large-scale events such as conferences or roadshows where representatives from multiple regulated institutions are in attendance.

If you are organising a large scale event, and think the audience would benefit from a 'Bringing SARs To Life' presentation, please get in touch with UKFIUEngagement@nca.gov.uk.

National Food Crime Unit

The National Food Crime Unit (NFCU) is a dedicated law enforcement function of the Food Standards Agency (FSA). The unit provides leadership on food crime across England, Wales and Northern Ireland. The unit also works closely with the Scottish Food Crime and Incidents Unit within Food Standards Scotland.

The NFCU is tasked with protecting consumers and the food industry from food crime within food supply chains. Food crime is defined as serious fraud and related criminality in food supply chains. This definition also includes activity impacting on drink and animal feed.

Examples of food crime include: the use of stolen food in the supply chain; unlawful slaughter; diversion of unsafe food; adulteration; substitution or misrepresentation of food; and document fraud.

Gavan Wafer, Head of Investigation (York) & Financial Investigations describes how the NFCU use SARs intelligence:

"The NFCU Financial Investigation Unit regularly utilise SARs intelligence in the fight against food crime. SARs intelligence allows the NFCU's financial investigators to identify nominals who may be involved in laundering the proceeds of food crime and further may identify additional offenders, highlight potential organised crime groups and/or lines of enquiry linked to our investigations. SARs intelligence can be the springboard that moves an investigation forward to becoming a tasked operation."

Gavan describes the following top four 'red flags' relating to bank transactions that are most likely to involve serious food crime – identification of which could represent opportunities to disrupt money laundering in this area.

- **Red Flag 1:** A personal bank account where the account holder has no history of work in the food business area receiving credits or making debits on a regular basis from obvious food suppliers e.g. "ABC Meats Ltd" etc. This is an indication of a non-registered food business.
- **Red Flag 2:** A business bank account of a food business that receives significant cash receipts or makes cash withdrawals that are not the usual operation of the account. This is an indication of off record purchases and sales of food produce outside of usual supply chains.
- **Red Flag 3:** A personal bank account receiving large credits (that are not obvious salary payments) from the business account of a food business, especially if the account holder has some association to a food business.
- **Red Flag 4:** A personal or business bank account that has credits that refer to "dinitrophenol", "2,4 dinitrophenol" or "DNP". This is an indication that the account holder is selling DNP, a dangerous chemical that is used for weight loss but is not intended for human consumption and has led to many fatalities.

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